

**TEHAMA COUNTY CHILDREN
AND FAMILIES COMMISSION**

FINANCIAL STATEMENTS

**FOR THE YEAR ENDED
JUNE 30, 2002**

TEHAMA COUNTY CHILDREN AND FAMILIES COMMISSION

Financial Statements
For the Year Ended June 30, 2002

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TEHAMA COUNTY CHILDREN AND FAMILIES COMMISSION

Commission Membership

<u>Name</u>	<u>Position</u>	<u>Date of Original Appt.</u>	<u>Current Term Expires</u>
George Russell	Board of Supervisors Representative	9/28/99	No Set Term
Bill Snelson	Interim Director Tehama County Department of Social Services	4/23/02	Interim
Carl Havener	Director Tehama County Health Agency	3/23/99	No Set Term
Bob Douglas	Superintendent Tehama County Department of Education	3/23/99	No Set Term
Mildred H. Johnstone	Public-at-large	3/23/99	1/31/2005
Connie Massie	Public-at-large	5/18/99	1/31/2003
Paula Brown-Almond	Public-at-large	7/31/99	1/31/2004
Gloria Lofthus	Public-at-large	2/05/02	1/31/2004
Thomas F. Grimes	Public-at-large	3/23/99	1/31/2005

Bartig, Basler & Ray

A Professional Corporation

Certified Public Accountants and Management Consultants

Frank V. Trythall
Kenneth E. Pope
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Bruce W. Stephenson

Curtis A. Orgill

INDEPENDENT AUDITOR'S REPORT

Board of Commissioners
Tehama County Children and Families Commission
Red Bluff, California

We have audited the accompanying general-purpose financial statements of Tehama County Children and Families Commission, as of and for the year ended June 30, 2002, as listed in the table of contents. These financial statements are the responsibility of Tehama County Children and Families Commission management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Tehama County Children and Families Commission as of June 30, 2002, and the results of its operations for the year then ended, in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued a report dated August 21, 2002, on our consideration of the Commission's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grants.

BARTIG, BASLER & RAY, CPAs, INC.

Bartig, Basler & Ray, CPAs, Inc.

August 21, 2002

TEHAMA COUNTY CHILDREN & FAMILIES COMMISSION

Combined Balance Sheet - All Fund Types and Account Groups

June 30, 2002

(With Memorandum Totals as of June 30, 2001)

	Special Revenue Fund	Account Groups		Totals (Memorandum Only)	
		General Fixed Assets	General Long-Term Debt	2002	2001
<u>ASSETS</u>					
Cash in county treasury	\$ 1,812,207	\$ --	\$ --	\$ 1,812,207	\$ 1,548,746
Due from other agencies	104,114	--	--	104,114	105,187
Interest Receivable	19,431	--	--	19,431	17,932
Prepays	--	--	--	--	369
Property, plant and equipment	--	13,829	--	13,829	11,829
Amount to be provided for general long-term debt	--	--	4,096	4,096	4,380
Total Assets	<u>\$ 1,935,752</u>	<u>\$ 13,829</u>	<u>\$ 4,096</u>	<u>\$ 1,953,677</u>	<u>\$ 1,688,443</u>
<u>LIABILITIES AND FUND EQUITY</u>					
<u>Liabilities</u>					
Accounts payable	\$ 26,090	\$ --	\$ --	\$ 26,090	\$ 3,003
Accrued payroll	2,998	--	--	2,998	2,722
Compensated absences payable	--	--	4,096	4,096	4,380
Total Liabilities	<u>29,088</u>	<u>--</u>	<u>4,096</u>	<u>33,184</u>	<u>10,105</u>
<u>Fund Equity</u>					
Investment in general fixed assets	--	13,829	--	13,829	11,829
Fund Balances:					
Reserved for encumbrances	44,594	--	--	44,594	--
Unreserved, undesignated	1,862,070	--	--	1,862,070	1,666,509
Total Fund Equity	<u>1,906,664</u>	<u>13,829</u>	<u>--</u>	<u>1,920,493</u>	<u>1,678,338</u>
Total Liabilities and Fund Equity	<u>\$ 1,935,752</u>	<u>\$ 13,829</u>	<u>\$ 4,096</u>	<u>\$ 1,953,677</u>	<u>\$ 1,688,443</u>

The accompanying notes are an integral part of these financial statements.

TEHAMA COUNTY CHILDREN & FAMILIES COMMISSION

Statement of Revenues, Expenditures and Changes in Fund Balance - Special Revenue Fund For the Year Ended June 30, 2002 (With Comparative Totals for the Year Ended June 30, 2001)

	<u>2002</u>	<u>2001</u>
<u>REVENUES</u>		
Proposition 10 - tobacco tax	\$ 697,631	\$ 721,929
Interest income	<u>75,323</u>	<u>67,414</u>
Total Revenues	<u>772,954</u>	<u>789,343</u>
<u>EXPENDITURES</u>		
Salaries and employee benefits	73,170	68,028
Services and supplies	451,149	55,120
Rent and utilities	6,480	6,048
Capital outlay	<u>2,000</u>	<u>2,559</u>
Total Expenditures	<u>532,799</u>	<u>131,755</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>240,155</u>	<u>657,588</u>
Fund Balance - Beginning of Year	1,666,509	903,576
Prior period adjustment	--	<u>105,345</u>
Fund Balance - Beginning of Year, Restated	<u>1,666,509</u>	<u>1,008,921</u>
Fund Balance - End of Year	<u>\$ 1,906,664</u>	<u>\$ 1,666,509</u>

The accompanying notes are an integral part of these financial statements.

TEHAMA COUNTY CHILDREN & FAMILIES COMMISSION

Statement of Revenues, Expenditures and Changes in Fund Balance Budget and Actual Special Revenue Fund For the Year Ended June 30, 2002

	<u>Budget</u>	<u>Actual (Budgetary Basis)</u>	<u>Variance Favorable (Unfavorable)</u>
<u>REVENUES</u>			
Proposition 10 - tobacco tax	\$ 721,149	\$ 697,631	\$ (23,518)
Interest income	<u>61,000</u>	<u>75,323</u>	<u>14,323</u>
Total Revenues	<u>782,149</u>	<u>772,954</u>	<u>(9,195)</u>
<u>EXPENDITURES</u>			
Salaries and employee benefits	75,269	73,170	2,099
Services and supplies	750,385	451,149	299,236
Rent and utilities	6,480	6,480	--
Capital outlay	<u>2,000</u>	<u>2,000</u>	<u>--</u>
Total Expenditures	<u>834,134</u>	<u>532,799</u>	<u>301,335</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>\$ (51,985)</u>	240,155	<u>\$ 292,140</u>
Fund Balance - Beginning of Year		<u>1,666,509</u>	
Fund Balance - End of Year		<u>\$ 1,906,664</u>	

The accompanying notes are an integral part of these financial statements.

TEHAMA COUNTY CHILDREN & FAMILIES COMMISSION

Notes to Financial Statements

June 30, 2002

Note 1: **Summary of Significant Accounting Policies**

A. Reporting Entity

The Tehama County Children and Families Commission (County Commission) was established on March 2, 1999 pursuant to Health and Safety Code §130140. The County Commission was also established in accordance with the provisions of the California Children and Families First Act of 1998 and by Tehama County Ordinance #1702. The nine members of the County Commission are appointed by the Tehama County Board of Supervisors.

The County Commission is responsible for the creation and implementation of a comprehensive, collaborative, and integrated system of information and services to enhance early childhood development.

The financial statements included in this report are intended to present the financial position and results of operations of only the Commission. They are not intended to present the financial position and results of operations of the County of Tehama taken as a whole.

B. Fund Accounting

The accounts of the County Commission are organized on the basis of one fund and two account groups, each of which is considered a separate accounting entity. The operations of the funds are accounted for with a separate set of self-balancing accounts that comprise its assets, liabilities, fund equity, revenues and expenditures.

Governmental Fund Types

Special Revenue – Special Revenue funds are used to account for the proceeds of specific revenue sources that are legally restricted to expenditures for specified purposes. The Special Revenue fund is the operating fund of the Commission. It is used to account for all financial resources.

Account Groups

The accounting and reporting treatment applied to the fixed assets and long-term liabilities associated with the Special Revenue fund are determined by its measurement focus. This means that only current assets and current liabilities are generally included on the balance sheet. The reported fund balance is considered a measure of “available spendable resources.” Thus, the fixed assets and long-term liabilities associated with the Special Revenue fund are accounted for in the account groups of the Commission.

TEHAMA COUNTY CHILDREN AND FAMILIES COMMISSION

Notes to Financial Statements

June 30, 2002

Note 1: **Summary of Significant Accounting Policies** (continued)

B. Fund Accounting (continued)

Governmental Fund Types

General Fixed Assets Account Group – The General Fixed Assets Account Group accounts for fixed assets used in the governmental fund type operations.

General Long-Term Debt Account Group – The General Long-Term Debt Account Group accounts for long-term liabilities expected to be financed from governmental funds.

C. Basis of Accounting

Basis of accounting refers to when revenues and expenditures are recognized in the accounts and reported in the financial statements. Basis of accounting relates to timing of the measurements made, regardless of the measurement focus applied.

The Commission uses the modified accrual basis of accounting. Revenues are recognized when they become measurable and available to finance operations during the year. Expenditures are generally recognized under the modified accrual basis of accounting when the related fund liability is incurred.

Significant revenues treated as susceptible to accrual include taxes, interest and intergovernmental revenues.

D. Budgets and Budgetary Accounting

The Commission prepares and legally adopts a final budget on or before June 30th of each fiscal year. The Commission operation, commencing July 1st, is governed by the proposed budget, adopted by the Board of Commissioners in June of the prior year.

After the budget is approved, the appropriations can be added to, subtracted from or changed only by Commission resolution. All such changes must be within the revenues and reserves estimated as available in the final budget or within revised revenue estimates as approved by the Commission.

An operating budget is adopted each fiscal year on the modified accrual basis. Additionally, encumbrance accounting is utilized to assure effective budgetary control. Encumbrances outstanding at year-end represent the estimated amount of the expenditures ultimately to result if the unperformed contracts in process at year-end are completed or purchase commitments satisfied. Such year-end encumbrances are reported as reservations of fund balances and do not constitute

TEHAMA COUNTY CHILDREN AND FAMILIES COMMISSION

Notes to Financial Statements
June 30, 2002

Note 1: **Summary of Significant Accounting Policies** (continued)

D. Budgets and Budgetary Accounting (continued)

expenditures or liabilities because the commitments will be honored during the subsequent year and included in the subsequent year's budget. Unencumbered appropriations lapse at year-end.

The legal level of budgetary control (the level on which expenditures may not legally exceed appropriations) is at the object level. Object levels of expenditures are as follows: salaries and benefits, services and supplies, and capital outlay.

E. Compensated Absences

Commission employees have accumulated unpaid vested benefits for compensatory time-off and vacation earned at June 30, 2002 of \$4,096. The accumulated benefits will be liquidated in future years as employees elect to use them. In the normal course of business, all payments of these accumulated benefits will be funded from appropriations of the year in which they are to be paid, therefore, the total liability is recorded as long-term. In accordance with GASB Statement 16, these amounts are not expected to be liquidated from expendable available financial resources.

F. Memorandum Only Totals

Total columns on the combined statements are captioned "Memorandum Only" to indicate that they are presented only to facilitate financial analysis. Data in these columns do not present financial position or results of operations in conformity with generally accepted accounting principles. Interfund eliminations have not been made in the aggregation of the data; and it is, therefore, not comparable to a consolidation.

G. General Fixed Assets

Fixed assets are stated on the basis of historical cost if available and at estimated historical cost where no historical records exists. In accordance with generally accepted accounting principles, no provision for depreciation is made for assets in the general fixed asset account group.

H. Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent

TEHAMA COUNTY CHILDREN AND FAMILIES COMMISSION

Notes to Financial Statements June 30, 2002

Note 1: **Summary of Significant Accounting Policies** (continued)

H. **Use of Estimates** (continued)

assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Note 2: **Cash**

Cash at June 30, 2002 consisted of the following:

	<u>2002</u>
Cash in County Treasury	<u>\$ 1,812,207</u>
	<u>\$ 1,812,207</u>

The Commission maintains all of its cash in the Tehama County Treasury. The County pools these funds with those of other entities in the County and invests the cash. These pooled funds are carried at cost which approximates market value. Interest earned is deposited quarterly into participating funds. Any investment losses are proportionately shared by all funds in the pool. The County's report discloses the required information in accordance with Governmental Accounting Standards Board Statement No. 3 (GASB No. 3). All of the County's investments and deposits meet the criteria of Category 1, as defined by GASB No. 3, which is the most favorable risk category.

Note 3: **Property, Plant and Equipment**

A summary of changes in General Fixed Assets for the year ended June 30, 2002, is as follows:

	<u>July 1, 2001</u>	<u>Additions</u>	<u>June 30, 2002</u>
Equipment	<u>\$ 11,829</u>	<u>\$ 2,000</u>	<u>\$ 13,829</u>
	<u>\$ 11,829</u>	<u>\$ 2,000</u>	<u>\$ 13,829</u>

TEHAMA COUNTY CHILDREN AND FAMILIES COMMISSION

Notes to Financial Statements

June 30, 2002

Note 4: **Defined Benefit Pension Plan**

The Commission's employees are paid through the County of Tehama payroll system and receive the same benefits as County employees, including pension benefits. The County contributes to the Public Employees Retirement Systems (PERS), which is a multiple-employer, defined benefit plan for employees. Participation is mandatory for all permanent employees. The County and employees are required to contribute at rates established by PERS.

Current contribution rates include amounts required to amortize past service costs and the unfunded liabilities. The net assets available for benefits, the pension benefit obligation, and the assumed rates of return used in determining the pension benefit obligation are not available separately for the Commission. This information is available in the financial statements of Tehama County, the reporting entity.

Note 5: **Related Party Transactions**

During the fiscal year ended June 30, 2002, the Commission paid the County of Tehama, a related party, \$4,421 for accounting and administrative services.

Note 6: **Section 30131.4 of the California Tax & Revenue Code Certification**

The Commission has certified that the supplant requirement stated in Section 30131.4 of the California Tax & Revenue Code has been met.

OTHER REPORT

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INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE AND ON INTERNAL CONTROL OVER FINANCIAL REPORTING BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS* AND THE CALIFORNIA CHILDREN AND FAMILIES FIRST ACT OF 1998

Board of Commissioners
Tehama County Children and Families Commission
Red Bluff, California

We have audited the general-purpose financial statements of the Tehama County Children and Families Commission as of and for the year ended June 30, 2002, and have issued our report thereon dated August 21, 2002. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Compliance

As part of obtaining reasonable assurance about whether the Tehama County Children and Families Commission's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance that are required to be reported under *Government Auditing Standards* and the California Children and Families First Act of 1998.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the Tehama County Children and Families Commission's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions.

Board of Commissioners
Tehama County Children and Families Commission

We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses.

This report is intended for the information of the audit committee, management and federal awarding agencies and pass-through entities.

BARTIG, BASLER & RAY, CPAs, INC.

Bartig, Basler & Ray, CPAs, Inc.

August 21, 2002